

WATER/ABJ/HJL:jlj

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA****WATER DIVISION****RESOLUTION NO. W-4382  
March 13, 2003****RESOLUTION**

**(RES. W-4382), SAN GABRIEL VALLEY WATER COMPANY (SGVWC), LOS ANGELES COUNTY DIVISION. ORDER AUTHORIZING A SURCHARGE TO RECOVER UNDER-COLLECTIONS IN ITS PURCHASED WATER AND PURCHASED POWER BALANCING ACCOUNTS, PRODUCING AN INCREASE IN ANNUAL REVENUE OF \$1,091,929 OR 3.0%.**

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**SUMMARY**

By Advice Letter No. 319-W, filed on January 17, 2003, SGVWC seeks revision of its Los Angeles County Division (LACD) tariff Schedule No. LA-1, General Metered Service; Schedule No. LA-3L, Limited Irrigation Service; and Schedule No. LA-6, Reclaimed Water Metered Service, to add a surcharge of \$0.0599 per Ccf (One Ccf is equal to one hundred cubic feet) over a 12-month period to provide an increase in annual revenues of \$1,091,929 or 3.0%. This surcharge is designed to recover the net under-collections in LACD's purchased water and purchased power balancing accounts accrued as of November 29, 2001. This resolution authorizes the requested increase. The rate increase will not result in a rate of return greater than that authorized for SGVWC in its LACD. By Advice Letter No. 320-W, filed on January 17, 2003, SGVWC seeks revision of its Fontana Water Company Division (FWCD) tariff Schedule No. F0-1, General Metered Service, to add a surcharge of \$0.012 per Ccf over a 12-month period to provide an increase in annual revenues of \$207,995 or 0.7%. This surcharge is designed to recover the net under-collections in FWCD's purchased water and purchased power balancing accounts accrued as of November 29, 2001. The Commission denies recovery sought in Advice Letter No. 320-W in this resolution and recommends that the request be incorporated into Application No. (A.) 02-11-044, which is presently before the Commission.

**BACKGROUND**

SGVWC serves approximately 45,837 metered services in its LACD, which includes portions of Arcadia, Baldwin Park, El Monte, City of Industry, Irwindale, La Puente, Montebello, Monterey Park, Pico Rivera, Rosemead, San Gabriel, Santa Fe Springs, South El Monte, West Covina, Whittier, and vicinity, Los Angeles County. SGVWC

serves approximately 36,700 metered services in its FWCD, which includes portions of Fontana, Rancho Cucamonga, and vicinity, San Bernardino County.

SGVWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase annual revenue in its LACD by \$1,091,929 or 3.0 % by assessing a surcharge of \$0.0599 per Ccf per customer over a 12-month period to recover net under-collections in its purchased water and purchased power balancing accounts as of November 29, 2001. SGVWC also requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase annual revenue in its FWCD by \$207,995 or 0.7% by assessing a surcharge of \$0.012 per Ccf over a 12-month period to recover net under-collections in its purchased water and purchased power balancing accounts as of November 29, 2001. Both advice letter filings meet the requirements of Ordering Paragraph 2 of Commission Decision No. (D.) 02-12-055, dated December 17, 2002. This ordering paragraph is discussed in the Discussion section of this resolution.

The present rate schedules in the LACD became effective on January 1, 2003, pursuant to Advice Letter No. 318-W and general rate case D.02-10-058. Present rate schedule in the FWCD became effective on May 8, 2001, pursuant to Advice Letter 312-W and Res. W-4269, which authorized an increase in revenue of \$1,136,575 or 5.7% to offset increases in purchased power.

## **DISCUSSION**

Advice Letter Nos. 319-W and 320-W were both filed in compliance with Ordering Paragraph No. 2 of D.02-12-009 which states:

“Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this decision, advice letters requesting recovery pursuant to the existing balancing account procedures.”

The existing procedure for recovery of balancing accounts is as follows: (1) Utilities, at their option, may request a surcharge once under-collections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utility's next General Rate Case. The recovery requested for the FWCD is for recovery of an under-collection balance that is less than 2%. Furthermore, SGVWC's FWCD is presently before the Commission with a General Rate Increase Application (Application No. 02-11-044), which is being reviewed by the Office of Ratepayer Advocates. In view of this, the Water Division recommends that recovery sought by SGVWC for its FWCD be denied in this resolution and recommends that the request be incorporated into A.02-11-044, which is presently before the Commission.

The Division has reviewed SGVWC's request and supporting workpapers in Advice Letter 319-W for its LACD and determines it to be reasonable. Therefore, the Division recommends that SGVWC be authorized to increase revenue by \$1,091,929 or 3.0% in its LACD by assessing a surcharge of \$0.0599 per Ccf for a period of 12 months to recover the under-collection balance in its purchased water and purchased power balancing accounts as of November 29, 2001. During the 12-month amortization period, the proposed surcharge will raise the typical residential customer's monthly bill (with a 5/8" x 3/4" meter and using 23 Ccf/mo.) by \$1.38 or 3.2% from \$43.34 to \$44.72.

### **NOTICE AND PROTESTS**

Notice of the proposed rate increase was published in The San Gabriel Valley Tribune newspaper of general circulation on January 17, 2003, as evidenced by a Proof of Publication provided to the Water Division by the utility. There were no protests concerning the proposed increase.

### **FINDINGS**

1. SGVWC filed Advice Letters 319-W and 320-W for its LACD and FWCD respectively, in compliance with Ordering Paragraph No. 2 of D.02-12-009 which states:  
  
"Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this Decision, advice letters requesting recovery pursuant to the existing balancing account procedures."
2. Existing procedure for recovery of balancing accounts is as follows: (1) Utilities, at their option, may request a surcharge once under-collections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utilities next general rate case.
3. The recovery requested for FWCD is less than 2%, therefore, it is recommended that the request be denied in this resolution and incorporated in A.02-11-044, a GRC, which is presently before the Commission.
4. The Commission finds, after investigation by the Water Division, that the changes requested by SGVWC for its LACD in Advice Letter No. 319-W, are justified and the resulting rates are just and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. San Gabriel Valley Water Company, Los Angeles County Division, is authorized five days after the effective date herein, to make effective revised rates Schedule No. LA-1, General Metered Service; Schedule No. LA-3L, Limited Irrigation Service; and Schedule No. LA-6, Reclaimed Water Metered Service, as attached to Advice Letter No. 319-W, and to concurrently cancel the presently effective rate schedules.
2. San Gabriel Valley Water Company, Fontana Water Company Division request to revise rates as requested in Advice Letter No. 320-W is denied.
3. San Gabriel Valley Water Company, Fontana Water Company Division is authorized to incorporate the request of Advice Letter No. 320-W into the General Rate Case Application No. 02-11-044 that is currently before the Commission.
4. San Gabriel Valley Water Company is directed to keep maintaining its balancing accounts as required by Public Utilities Code Section 792.5.
5. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on March 13, 2003, the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director